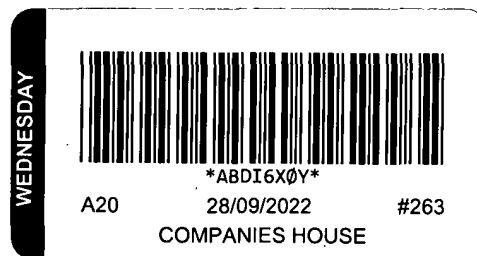


# **Finlay Beverages Limited**

**Annual report and financial statements**

**Registered number 00047601**

**31 December 2021**



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## Strategic report

The directors present their strategic report for the period ended 31 December 2021.

### Business review

The principal activity of the company is the sourcing, blending, roasting and packing of tea and coffee. The Directors do not envisage any change in the nature of the company's business in the foreseeable future.

The company's key financial and other performance indicators during the year were as follows:

|                                | 2021<br>£'000 | 2020<br>£'000 | Change<br>% |
|--------------------------------|---------------|---------------|-------------|
| Turnover                       | 62,762        | 67,641        | -7.2%       |
| Gross profit                   | 944           | 2,527         | -62.6%      |
| Total operating Profit         | -2,821        | -2,402        | -17.4%      |
| Shareholders' funds            | -1,527        | 781           | -295.5%     |
| Average number of employees    | 267           | 279           | -4.3%       |
| Gross profit as % of turnover  | 1.5%          | 3.7%          | -2.2%       |
| Operating profit % of turnover | -4.49%        | -3.55%        | -0.9%       |

The company faced a number of challenges in 2021 driven by global supply chain issues and the continued impact of COVID lockdowns on the UK economy. Business turnover reduced in 2021 with many of our customers seeing a drop in their year on year demand as the market cycled away from the COVID related growth in in-home consumption during 2020. Operationally, rapid increases in the cost of commodities, global shipping and UK freight rates rising at an unprecedented pace and scale and the indirect effects of Brexit on driver and labour availability, are the most notable impacts the business has absorbed in 2021. Mitigating actions have been put in place to offset, although the timing lag has led to gross profit falling by 62.6% in the year. Operating losses increased by 17.4% as a result of the fall in Gross profit with some offset year on year benefit related to one-off costs incurred in 2020.

Under section 172(1) of the UK companies Act 2006 and as part of the Directors duty to the Company's shareholder to act as they consider most likely to promote the success of the Company, the Directors must have regard for likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the interests of the Company's business relationships with the Company's wider stakeholders, and the impact of the Company's operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision-making and risk assessments throughout the year.

The Company's key stakeholders are the Company's shareholder, Group undertakings, employees and outside suppliers. There is also regular engagement within the Group on finance-related matters, which is taken into account in the Company's decision-making.

Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on stakeholder perspective using management reporting and Board notes relating to matters presented to the Board during the year which set out stakeholder considerations as applicable to matters under consideration. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision making.

During the decision-making process the Directors are made aware of the impact of decisions on relevant stakeholders and engagement that has occurred with those stakeholders where applicable.

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies, and the Directors have due regard to all applicable Group policies and procedures.

Where authority for decision making is delegated to the Executive Management Team it ensures that it has regard for; the likely long-term consequences of decisions, maintaining a high standard of business conduct, employees' interests, business relationships with wider stakeholders, the impact of business operations on the environment and

communities, and other relevant factors. The Executive Management Team is part of the Group's governance and internal controls framework through which good corporate governance, risk management and internal control is promoted and does not derogate from any requirement for Board review, oversight or approval in relation to the Company's activities.

We ensure that the requirements of s172 Companies Act 2006 are met and the interests of our stakeholder groups are considered through a combination of the following:

- Standing agenda points and papers presented at each Board meeting.
- A rolling agenda of matters to be considered by the Board throughout the year, including a strategy review day, which considers the Company strategy for the next five years, supported by the budget for the following year and a medium-term financial plan.
- Scheduled Board presentations and reports; for example, financial reports on a monthly basis, updates on operational matters, Health & Safety updates.
- Regular engagement with our stakeholders, including, but not limited to, suppliers, customers and employees.
- Consideration of the impact of the Company's operations on the community and the environment, and how this can be improved.

## FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The principle risks facing the company are credit risk, liquidity risk and foreign currency risk. The way in which these risks are managed is summarised below. The nature of the business and the bulk of its customers has meant that the business has continued to operate throughout COVID-19, with only minor changes to operating procedures.

### Credit Risk

The company aims to limit undue counterparty exposure by ensuring proper procedures are followed before starting to trade with a new customer and material ongoing exposure is monitored at business unit and group level.

### Liquidity Risk

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to Board level and with the rates of return and cash payback periods applied as part of a defined investment appraisal process. The group also manages liquidity risk via revolving credit facilities and cash-pooling.

### Foreign Currency Risk

Subject to strict controls, the company undertakes limited trading in financial instruments in order to mitigate currency risks arising during the normal course of business. In addition, the business has a number of Open Book agreements with customers which removes any currency gains or losses relating to changes in foreign currency.

### Future Developments

The company continues to move forward in a positive manner, retaining key customers and exploring new markets to support the broader Finlay's group strategy. The directors look forward with optimism in the future.

By order of the Board



**Robin Petley**  
Director  
Finlay Beverages Limited  
Elmsall Way,  
South Elmsall,  
Pontefract,  
West Yorkshire,  
WF9 2XS

26 September 2022

## Directors' report

The directors submit their annual report and financial statements for the period ended 31 December 2021.

### Results and Dividends

The profit or loss account for the period shows a loss on ordinary activities after taxation of £2,308,000 (2020: £1,948,000 loss). No interim dividend was declared leaving a retained loss of £2,308,000 included in reserves.

### Political contributions

The Company made no political donations nor incurred any political expenditure during the year.

### Supplier Payment Days

It is the Company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between each company and its suppliers, provided that all trading terms and conditions have been met.

### Going Concern

The company has been provided with a confirmation of support from its parent James Finlay Limited. Further details on going concern are provided in note 1 to the financial statements in the basis of preparation.

### Greenhouse gas emissions

The company is taking exemption from reporting its energy usage under the Streamlined Energy and Carbon Reporting policy, as data of its consumption is included in the ultimate parent company accounts, John Swire & Sons Ltd, year ending 31 December 2021.

### Directors

The directors during the period ended 31 December 2021 and up to the date of the report were as follows:

G R Chambers (resignation 3 June 2022)

I P F Bryson (resignation 16 December 2021)

J M Rutherford

R Petley (appointed 5 May 2021)

A Bulman (appointed 1 December 2021)

J Woodrow (appointed 5 September 2022)

### Disclosure of information to the Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



**Robin Petley**

Director

Finlay Beverages Limited

Elmsall Way,

South Elmsall,

Pontefract,

West Yorkshire,

WF9 2XS

Registered in England No 00047601

26 September 2022

## **Statement of directors' responsibilities in respect of the Strategic report the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINLAY BEVERAGES LIMITED

### Opinion

We have audited the financial statements of Finlay Beverages Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to John Swire & Sons Limited's policies and procedures to prevent and detect fraud that apply to this company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud;
- Reading board minutes; and
- Considering remuneration incentive schemes and performance targets.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINLAY BEVERAGES LIMITED (cont.)**

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts involving revenue and bank and cash.
- For a sample of revenue transactions around the period end, vouching to supporting external documentation to corroborate whether those items were recorded in the correct accounting period.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINLAY BEVERAGES LIMITED (cont.)**

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINLAY BEVERAGES LIMITED (cont.)**

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Gemma Surtees*

**Gemma Surtees (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

26 September 2022

**Profit or Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2021*

|  | <i>Note</i> | <b>2021</b><br><b>£000</b> | <b>2020</b><br><b>£000</b> |
|--|-------------|----------------------------|----------------------------|
| <b>Turnover</b>                                    | <b>2</b>    | <b>62,762</b>              | <b>67,641</b>              |
| Cost of sales                                      |             | <b>(61,818)</b>            | <b>(65,114)</b>            |
| <b>Gross profit</b>                                |             | <b>944</b>                 | <b>2,527</b>               |
| Distribution costs                                 |             | <b>(896)</b>               | <b>(777)</b>               |
| Administrative expenses                            |             | <b>(3,017)</b>             | <b>(2,887)</b>             |
| Other operating expenses                           |             | <b>580</b>                 | <b>647</b>                 |
| Other operating expense                            |             | <b>(432)</b>               | <b>(1,911)</b>             |
| <b>Operating loss</b>                              | <b>3</b>    | <b>(2,821)</b>             | <b>(2,402)</b>             |
| Finance costs                                      | <b>6</b>    | <b>(347)</b>               | <b>(378)</b>               |
| <b>Loss on ordinary activities before taxation</b> |             | <b>(3,168)</b>             | <b>(2,779)</b>             |
| Tax credit on ordinary activities                  | <b>7</b>    | <b>860</b>                 | <b>831</b>                 |
| <b>Loss for the financial year</b>                 |             | <b>(2,308)</b>             | <b>(1,948)</b>             |

There are no items of other comprehensive income other than those stated above. The results for the current and previous year derive entirely from continuing operations.

The notes on pages 12 to 31 form an integral part of these financial statement.

**Balance Sheet**  
*at 31 December 2021*

|   | <i>Note</i> | <b>2021</b><br><b>£000</b> | <b>£000</b>     | <b>2020</b><br><b>£000</b> | <b>£000</b>     |
|---|-------------|----------------------------|-----------------|----------------------------|-----------------|
| <b>Fixed assets</b>   |             |                            |                 |                            |                 |
| Tangible assets   | 8           | 14,664                     |                 | 14,882                     |                 |
| Right-of-use assets   | 8           | 1,018                      |                 | 1,258                      |                 |
|   |             |                            | <b>15,682</b>   |                            | <b>16,140</b>   |
| <b>Current assets</b>                                       |             |                            |                 |                            |                 |
| Stocks  | 9           | 15,893                     |                 | 18,708                     |                 |
| Debtors   | 10          | 19,419                     |                 | 21,854                     |                 |
| <b>Total Current assets</b>                                 |             | <b><u>35,312</u></b>       |                 | <b><u>40,561</u></b>       |                 |
| <b>Creditors: amounts falling due within one year</b>       |             |                            |                 |                            |                 |
| Trade and other creditors                                   | 11          | (51,748)                   |                 | (54,903)                   |                 |
| <b>Net current liabilities</b>                              |             |                            | <b>(16,436)</b> |                            | <b>(14,343)</b> |
| <b>Total assets less current liabilities</b>                |             |                            | <b>(754)</b>    |                            | <b>1,797</b>    |
| <b>Creditors: amounts falling due greater than one year</b> | 11          |                            | <b>(773)</b>    |                            | <b>(1,018)</b>  |
| <b>Net (liabilities) / assets</b>                           |             |                            | <b>(1,527)</b>  |                            | <b>781</b>      |
| <b>Capital and reserves</b>                                 |             |                            |                 |                            |                 |
| Called up share capital                                     | 14          |                            | 2,925           |                            | 2,925           |
| Revaluation reserve   |             |                            | 168             |                            | 168             |
| Profit and loss account                                     |             |                            | (4,620)         |                            | (2,312)         |
| <b>Shareholders' funds</b>                                  |             |                            | <b>(1,527)</b>  |                            | <b>781</b>      |

These financial statements were approved by the board of directors on 26 September 2022 and were signed on its behalf by:

  
**R Petley**  
*Director*

Registered in England No 00047601

The notes on pages 12 to 31 form an integral part of these financial statements

## Statement of Changes in Equity

At 31 December 2021

|  | Called up<br>Share<br>capital<br>£000 | Revaluation<br>reserve<br>£000 | Profit and loss<br>account<br>£000 | Total<br>equity<br>£000 |
|--|---------------------------------------|--------------------------------|------------------------------------|-------------------------|
| Balance at 1 January 2020                                    | 2,925                                 | 168                            | (364)                              | 2,729                   |
| <b>Total comprehensive income for the period</b>             |                                       |                                |                                    |                         |
| Profit for the financial year                                | -                                     | -                              | (1,948)                            | (1,948)                 |
| Total comprehensive income for the period                    | -                                     | -                              | (1,948)                            | (1,948)                 |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                                |                                    |                         |
| Dividends  | -                                     | -                              | -                                  | -                       |
| Total contributions by and distributions to owners           | -                                     | -                              | -                                  | -                       |
| <b>Balance at 31 December 2020</b>                           | <b>2,925</b>                          | <b>168</b>                     | <b>(2,312)</b>                     | <b>781</b>              |
|  |                                       |                                |                                    |                         |
|  | Called up<br>Share<br>capital<br>£000 | Revaluation<br>reserve<br>£000 | Profit and loss<br>account<br>£000 | Total<br>equity<br>£000 |
| Balance at 1 January 2021                                    | 2,925                                 | 168                            | (2,312)                            | 781                     |
| <b>Total comprehensive income for the period</b>             |                                       |                                |                                    |                         |
| Loss for the financial year                                  | -                                     | -                              | (2,308)                            | (2,308)                 |
| Total comprehensive income for the period                    | -                                     | -                              | (2,308)                            | (2,308)                 |
| <b>Transactions with owners, recorded directly in equity</b> |                                       |                                |                                    |                         |
| Dividends  | -                                     | -                              | -                                  | -                       |
| Total contributions by and distributions to owners           | -                                     | -                              | -                                  | -                       |
| <b>Balance at 31 December 2021</b>                           | <b>2,925</b>                          | <b>168</b>                     | <b>(4,620)</b>                     | <b>(1,527)</b>          |

The notes on pages 12 to 31 form an integral part of these financial statements.

## Notes to the accounts (forming part of the financial statements)

### 1 Accounting policies

Finlay Beverages Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of John Swire & Sons Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available-for-sale.

#### 1.2 Going Concern

Notwithstanding net current liabilities of £16,436k as at 31 December 2021 (£14,343k 2020), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and funding from its intermediate parent company, James Finlay Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's intermediate parent company, James Finlay Limited, not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £33.658m (£28.36m 2020) and providing additional financial support during that period. James Finlay Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of these amounts due at the balance sheet date, for the period covered by the forecasts. James Finlay Limited is itself reliant on financial support provided by the ultimate parent company, John Swire & Sons Limited. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Related Party Transactions

As the Company is a wholly owned subsidiary of John Swire & Sons Limited, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of John Swire & Sons Limited, within which this Company is included, can be obtained from the address given in note 18.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.5 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

### **1.5 Classification of financial instruments issued by the Company (continued)**

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

### **1.6 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

#### **Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

**Trade and other creditors** Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### **1.7 Derivative financial instruments and hedging**

#### **Derivative financial instruments**

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

### **1.8 Tangible fixed assets**

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1 January 2015, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- land and buildings                      50 years
- plant and equipment                    4 to 14 years
- fixtures and fittings                    3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.



## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### 1.8 Tangible fixed assets

Capital in Progress relates to expenses incurred on assets until converted into working condition. All these expenses will become part of the cost of that asset. When any expense is incurred or paid, it is included in the Capital in Progress account. When an asset is completed and it is ready to work, all costs will transfer to the relevant asset account and it is at this point that the asset starts to be depreciated over its useful life.

#### *Right-of-use assets*

The company initially applied IFRS 16 at 1 January 2020, using the modified retrospective approach.

On transition to IFRS 16, the business elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

As a lessee, the company leases a number of assets including property and production equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the company. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

The company continues to account for new, qualifying right of use assets under IFRS 16

#### 1.9 Intangible assets, goodwill and negative goodwill

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Development expenditure is recognised in the profit and loss account as an expense as incurred.

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

#### 1.10 Stocks

Stocks are stated at the lower of standard cost and net realisable value. Cost is based on the standard cost principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Financial instruments are measured at cost less impairment. Impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

#### 1.11 Impairment excluding stocks and deferred tax assets

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.12 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is James Finlay Ltd (the Group). The Company then recognises a cost equal to its contribution payable for the period.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Employee benefits (continued)

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### 1.14 Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its goods sold. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the timing of which is dependent on the delivery terms of trade used.

#### 1.15 Expenses

*Interest receivable and Interest payable* –Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.17 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Tangible fixed assets once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from 1 January 2015; no reclassifications are made in prior periods.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

#### 1.18 Accounting estimates and judgements

In preparing these financial statements, management has made estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Specifically, these include the stock impairment provision within raw materials and consumables stock, prepayments, and accruals. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively. Key judgements include not allocating a portion of the Group DB Pension scheme, to this entity on the basis that it is not possible to allocate on a reasonable basis a proportion of the scheme assets and liabilities. As a result, pension costs have been accounted for as a Defined Contribution scheme, with cost equal to the contribution payable for the period.

**Notes to the accounts (continued)**

**2 Turnover**

|                               | 2021          | 2020          |
|-------------------------------|---------------|---------------|
|                               | £000          | £000          |
| Sale of goods                 | 62,762        | 67,641        |
|                               | <u>62,762</u> | <u>67,641</u> |
| Total turnover                | <u>62,762</u> | <u>67,641</u> |
|                               | 2021          | 2020          |
|                               | £000          | £000          |
| <b>By activity</b>            |               |               |
| Beverage Packing              | 62,762        | 67,641        |
|                               | <u>62,762</u> | <u>67,641</u> |
|                               | <u>62,762</u> | <u>67,641</u> |
| <b>By geographical market</b> |               |               |
| United Kingdom                | 62,762        | 67,641        |
|                               | <u>62,762</u> | <u>67,641</u> |
|                               | <u>62,762</u> | <u>67,641</u> |

## Notes to the accounts (continued)

### 3 Expenses and auditor's remuneration

Included in profit/loss are the following:

|                                    | 2021<br>£000      | 2020<br>£000      |
|------------------------------------|-------------------|-------------------|
| Exchange rate differences          | (603)             | (2,106)           |
| Depreciation – owned               | 1,379             | 955               |
| Depreciation – right-of-use assets | 310               | 291               |
|                                    | <u>          </u> | <u>          </u> |

Auditor's remuneration:

|                                     | 2021<br>£000      | 2020<br>£000      |
|-------------------------------------|-------------------|-------------------|
| Audit of these financial statements | 50                | 38                |
|                                     | <u>          </u> | <u>          </u> |

Other Operating Income/Costs:

|  | 2021<br>£000      | 2020<br>£000      |
|--|-------------------|-------------------|
| Fair value adjustments for forward foreign exchange contracts not qualifying as hedges | 580               | (911)             |
| Financial assets / liabilities at fair value through P&L - held for trading            | (366)             | (1,000)           |
|  | <u>          </u> | <u>          </u> |

## Notes to the accounts *(continued)*

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

|                | Number of employees |            |
|----------------|---------------------|------------|
|                | 2021                | 2020       |
| Management     | 5                   | 5          |
| Administration | 10                  | 13         |
| Sales          | 10                  | 7          |
| Production     | 242                 | 254        |
|                | <u>267</u>          | <u>279</u> |

The aggregate payroll costs of these persons were as follows:

|                                 | 2021<br>£000 | 2020<br>£000 |
|---------------------------------|--------------|--------------|
| Wages and salaries              | 7,357        | 8,169        |
| Social security costs           | 715          | 718          |
| Retirement and pension benefits | 1,017        | 923          |
|                                 | <u>9,089</u> | <u>9,810</u> |

### 5 Directors' remuneration

|                       | 2021<br>£000 | 2020<br>£000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | 254          | 351          |
|                       | <u>254</u>   | <u>351</u>   |

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £135k (2020:£192k). They are a member of a personal pension scheme.

## Notes to the accounts *(continued)*

### 6 Finance costs

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Short-term loans and bank overdrafts             | (68)         | (81)         |
| Obligations under finance leases                 | (40)         | (42)         |
| Amounts payable to Group undertakings            | (399)        | (539)        |
|  | <hr/>        | <hr/>        |
| Total other interest payable and similar charges | (507)        | (663)        |
|  | <hr/>        | <hr/>        |
| Amounts receivable from Group undertakings       | 160          | 285          |
|  | <hr/>        | <hr/>        |
| Total other interest payable and similar charges | (347)        | (378)        |
|  | <hr/>        | <hr/>        |

### 7 Taxation

#### Recognised in the profit and loss account

|   | 2021<br>£000 | £000  | 2020<br>£000 | £000  |
|---|--------------|-------|--------------|-------|
| <i>UK corporation tax</i>                         |              |       |              |       |
| Current tax on income for the period              | (349)        |       | (335)        |       |
| Overseas taxation                                 | -            |       | 46           |       |
|   | <hr/>        |       | <hr/>        |       |
| Total current tax                                 |              | (349) |              | (289) |
| <i>Deferred tax (see note 12)</i>                 |              |       |              |       |
| Origination and reversal of temporary differences | (294)        |       | (542)        |       |
| Changes in tax rate                               | (215)        |       | -            |       |
| Under recovery in prior years                     | (2)          |       |              |       |
|   | <hr/>        |       | <hr/>        |       |
| Total deferred tax                                |              | (511) |              | (542) |
|   |              | <hr/> |              | <hr/> |
| Tax on loss on ordinary activities                |              | (860) |              | (831) |
|   |              | <hr/> |              | <hr/> |



## Notes (continued)

### 7 Taxation (continued)

#### Reconciliation of effective tax rate

|   | 2021<br>£000 | 2020<br>£000 |
|---|--------------|--------------|
| Loss for the financial year                     | (2,308)      | (1,948)      |
| Total tax credit                                | (860)        | (831)        |
|   | <hr/>        | <hr/>        |
| Loss on ordinary activities before taxation     | (3,168)      | (2,779)      |
| Tax using the UK corporation tax rate of 19.00% | (602)        | (528)        |
| Effect of change in tax rates on deferred tax   | (291)        | (18)         |
| Non-deductible expenses                         | 5            | 5            |
| Temporary differences not recognised            | (5)          | (369)        |
| Under provision for profit tax in prior years   | 5            | 5            |
| Overseas Withholding tax                        | -            | 46           |
| Fixed Asset Differences                         | 28           | 28           |
|   | <hr/>        | <hr/>        |
| Total tax charge/(credit)                       | (860)        | (831)        |
|   | <hr/>        | <hr/>        |

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase from 19% to 25% from 1 April 2023. This would have an immaterial effect on the company's future tax charge and therefore the above calculation remains at 19%. A further change to retain the 19% rate effective 1 April 2023 was announced in September 2022 but this has yet to be substantively enacted.

**Notes to the accounts (continued)**

**8 Tangible fixed assets**

|                                       | Land and<br>buildings<br>£000 | Plant and<br>Equipment,<br>Fixtures &<br>fittings<br>£000 | Capital in<br>Progress<br>£000 | Total<br>£000 |
|---------------------------------------|-------------------------------|---|--------------------------------|---------------|
| <b>Cost</b>                           |                               |   |                                |               |
| Capitalised Balance at 1 January 2021 | 7,157                         | 46,336  | 5,602                          | 59,095        |
| Capital In Progress for the year      | -                             | -   | 1,161                          | 1,161         |
| Transfers                             |                               | 3,997   | (3,997)                        |               |
|                                       | <hr/>                         | <hr/>   | <hr/>                          | <hr/>         |
| Balance at 31 December 2021           | 7,157                         | 50,333  | 2,766                          | 60,256        |
|                                       | <hr/>                         | <hr/>   | <hr/>                          | <hr/>         |
| <b>Depreciation and impairment</b>    |                               |   |                                |               |
| Balance at 1 January 2021             | 3,268                         | 40,945  | -                              | 44,213        |
| Depreciation charge for the year      | 149                           | 1,230   | -                              | 1,379         |
|                                       | <hr/>                         | <hr/>   | <hr/>                          | <hr/>         |
| Balance at 31 December 2021           | 3,417                         | 42,175  | -                              | 45,592        |
|                                       | <hr/>                         | <hr/>   | <hr/>                          | <hr/>         |
| <b>Net book value</b>                 |                               |   |                                |               |
| At 1 January 2021                     | 3,889                         | 5,391   | 5,602                          | 14,882        |
|                                       | <hr/>                         | <hr/>   | <hr/>                          | <hr/>         |
| At 31 December 2021                   | 3,740                         | 8,158   | 2,766                          | 14,664        |
|                                       | <hr/>                         | <hr/>   | <hr/>                          | <hr/>         |

## Notes (continued)

### 8 Tangible fixed assets (continued)

#### Right-of-use assets

|  | Land and<br>buildings<br>£000 | Plant and<br>Equipment,<br>Fixtures &<br>fittings<br>£000 | Total<br>£000 |
|--|-------------------------------|---|---------------|
| <b>Cost</b>  |                               |   |               |
| Capitalised Balance at 1 January 2021                | 1,441                         | 403   | 1,844         |
| Additions at cost (including initial lease payments) | -                             | 70  | 70            |
|  | <hr/>                         | <hr/>   | <hr/>         |
| Balance at 31 December 2021                          | 1,441                         | 473   | 1,914         |
|  | <hr/>                         | <hr/>   | <hr/>         |
| <b>Depreciation and impairment</b>                   |                               |   |               |
| Balance at 1 January 2021                            | 415                           | 171   | 586           |
| Depreciation charge for the year                     | 206                           | 104   | 310           |
|  | <hr/>                         | <hr/>   | <hr/>         |
| Balance at 31 December 2021                          | 621                           | 275   | 896           |
|  | <hr/>                         | <hr/>   | <hr/>         |
| <b>Net book value</b>                                |                               |   |               |
| At 1 January 2021                                    | 1,026                         | 232   | 1,258         |
|  | <hr/>                         | <hr/>   | <hr/>         |
| At 31 December 2021                                  | 820                           | 198   | 1,018         |
|  | <hr/>                         | <hr/>   | <hr/>         |

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the company's incremental borrowing rate at the date of initial application.

### 9 Stocks

|                               | 2021   | 2020   |
|-------------------------------|--------|--------|
|                               | £000   | £000   |
| Raw materials and consumables | 11,790 | 14,406 |
| Work in progress              | 184    | 276    |
| Finished goods                | 3,919  | 4,026  |
|                               | <hr/>  | <hr/>  |
|                               | 15,893 | 18,708 |
|                               | <hr/>  | <hr/>  |

Included within raw materials and finished goods is a stock impairment provision of £163k (2020: £392k). The unprovided write off to the Profit and Loss in the year was £422k (2020: £353k).

## Notes to the accounts *(continued)*

### 10 Debtors

|   | 2021<br>£000  | 2020<br>£000  |
|---|---------------|---------------|
| Trade debtors                               | 11,416        | 12,017        |
| Amounts owed by group undertakings          | 5,746         | 8,074         |
| Other debtors                               | 331           | 512           |
| Prepayments                                 | 87            | 239           |
| Deferred taxation asset (see note 12)       | 1,209         | 698           |
| Group relief due from other group companies | 630           | 314           |
|   | <u>19,419</u> | <u>21,854</u> |
| Trade debtors                               |               |               |
| Due within one year                         | 11,348        | 11,942        |
| Due after more than one year                | 68            | 75            |
|   | <u>11,416</u> | <u>12,017</u> |

All amounts due from parent undertaking are payable on demand and non-interest bearing.

### 11 Creditors: amounts falling due within one year

|                                    | 2021<br>£000  | 2020<br>£000  |
|------------------------------------|---------------|---------------|
| Invoice financing                  | 7,198         | 6,932         |
| Trade creditors                    | 3,755         | 4,960         |
| Amounts owed to group undertakings | 32,220        | 33,943        |
| Accruals and deferred income       | 2,716         | 2,045         |
| Overdraft                          | 5,311         | 6,282         |
| Current portion of lease liability | 299           | 278           |
| Derivatives                        | 249           | 463           |
|                                    | <u>51,748</u> | <u>54,903</u> |

### Creditors: amounts falling due greater than one year

|  | 2020<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Non-current portion of lease liability | 773          | 1,018        |
|  | <u>773</u>   | <u>1,018</u> |

All amounts owed to parent undertaking are payable on demand and non-interest bearing.

## Notes to the accounts *(continued)*

### 12 Deferred tax assets

#### *Recognised deferred tax assets*

Deferred tax assets are attributable to the following:

|                       | 2021<br>£000 | 2020<br>£000 |
|-----------------------|--------------|--------------|
| Tangible fixed assets | (1,187)      | (654)        |
| Derivatives           | (18)         | (18)         |
| Provisions            | (4)          | (26)         |
|                       | <hr/>        | <hr/>        |
| Tax (assets)          | (1,209)      | (698)        |
|                       | <hr/>        | <hr/>        |
| Net tax (assets)      | (1,209)      | (698)        |
|                       | <hr/>        | <hr/>        |

#### *Movement in deferred tax during the year*

|                       | 1 January<br>2021<br>£000 | Recognised<br>in P/L<br>£000 | 31 December<br>2021<br>£000 |
|-----------------------|---------------------------|------------------------------|-----------------------------|
| Tangible fixed assets | (654)                     | (533)                        | (1,187)                     |
| Derivatives           | (18)                      | -                            | (18)                        |
| Provisions            | (26)                      | 22                           | (4)                         |
|                       | <hr/>                     | <hr/>                        | <hr/>                       |
|                       | (698)                     | (511)                        | (1,209)                     |

## Notes to the accounts (continued)

### 12 Deferred tax assets (continued)

Movement in deferred tax during the prior year

|                       | 1 January<br>2020<br>£000 | Recognised<br>in P/L<br>£000 | Recognised<br>in equity<br>£000 | 31 December<br>2020<br>£000 |
|-----------------------|---------------------------|------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | (108)                     | (546)                        | -                               | (654)                       |
| Derivatives           | (20)                      | 2                            | -                               | (18)                        |
| Provisions            | (28)                      | 2                            | -                               | (26)                        |
| Other                 | -                         | (289)                        | 289                             | -                           |
|                       | <u>(156)</u>              | <u>(831)</u>                 | <u>289</u>                      | <u>(698)</u>                |

### 13 Employee benefits

#### Defined Benefit Scheme

The James Finlay Group operates a defined benefit pension scheme in respect of its employees in the UK. The defined benefit scheme is wholly funded. The Company participates in this defined benefit plan. This defined benefit plan is a multi-employer plan and is run on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities. In accordance with IAS 19 the Company accounts for its contribution to the plan as if it were a defined contribution plan. A decision was taken during 2017 to close the defined benefit scheme to any further accrual from 30 September 2017 following a consultation with members.

The Finlay Pension Fund was subject to a buy-in transaction in April-2021, through the purchase of an insurance annuity policy with Legal & General, under which the benefits payable to all FPF pensioners and deferred members have become fully insured.

The pension cost for this scheme represents contributions payable by the Company to the scheme and the costs amounted to £Nil in the year (2020: £Nil). No contributions were prepaid or accrued as at 31 December 2021 (2020: Nil prepaid).

#### Defined Contribution Scheme

The company operates a defined contribution scheme for qualifying employees, which was set up on 1 February 2010. The assets of the Scheme are held in administered funds separate from the finances of the Group.

The total cost charged to income of £1,017,000 (2020: £923,000) represents contributions payable to the scheme by the Company at rates specified in the rules of the plan. As of 31 December 2021, contributions in respect of the current reporting period that had not been paid over to the scheme amounted to nil.

## Notes to the accounts (continued)

### 14 Capital and reserves

#### Share capital

| In thousands of shares   | Ordinary shares |       |
|--|-----------------|-------|
|  | 2021            | 2020  |
| On issue at 1 January 2021                                       | 2,925           | 2,925 |
| On issue at 31 December 2021                                     | 2,925           | 2,925 |
|  |                 |       |
| Allotted, called up and fully paid<br>Ordinary shares of £1 each | 2021            | 2020  |
|  | £000            | £000  |
|  | 2,925           | 2,925 |
|  | 2,925           | 2,925 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

After the balance sheet date dividends of £Nil per qualifying ordinary share (2020: £Nil) were proposed by the directors.

#### Revaluation reserve

Where property, plant and equipment are revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve. Revaluation reserve was £168,000 (2020: £168,000).

## Notes to the accounts (continued)

### 15 Financial instruments

#### 15 (a) Fair values of financial instruments

|  | Derivative financial<br>liability / asset |              |
|--|---|--------------|
|  | 2021<br>£000                              | 2020<br>£000 |
| Opening Balance  | (463)                                     | 1,387        |
| Total gains or losses<br>- in profit or loss   | 214                                       | (1,850)      |
| Closing Balance  | (249)                                     | (463)        |
| *Gains or losses for the period included in profit or loss for assets still held<br>as at 31 December 2021 |   |              |

#### 15 (b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements. All amounts listed are due with one year:

|   | Carrying Amount |              |
|---|-----------------|--------------|
|   | 2021<br>£000    | 2020<br>£000 |
| Non-derivative financial liabilities                  |                 |              |
| Amounts due to immediate holding company              | 32,220          | 33,658       |
| Accruals and other payables                           | 2,716           | 2,046        |
| Invoice financing                                     | 7,198           | 6,932        |
| Bank overdraft  | 5,311           | 7,197        |
| Trade and other creditors                             | 3,755           | 4,960        |
| Derivative financial liabilities                      |                 |              |
| Forward exchange contracts used for hedging:          |                 |              |
| Inflow Forward exchange contracts used for<br>hedging | -               | (910)        |
| Inflow Commodity swap used for cashflow<br>hedging    | 214             | (940)        |
|   | 51,414          | 52,943       |



## Notes to the accounts *(continued)*

### 16 Subsidiaries

| <i>Full Company Name</i>   | <i>Class of share</i> | <i>Percentage owned by the Company</i> | <i>Items to Note</i>                          |
|--|-----------------------|--|---|
| Registered office: Swire House, 59 Buckingham Gate, London, SW1E 6AJ |                       |  |   |
| Finlay Coffee Limited  | Ordinary              | 100%                                   | Previously The New London Tea Company Limited |

The Company has guaranteed the liabilities of Finlay Coffee Limited (CRN: 8264857) as exempt from audit under section 479A of the Companies Act 2006."

Finlay Coffee Limited only liability is to Finlay Beverages Limited to the value of £6k. This liability is covered by Finlay Coffee Limited Corporate Tax Asset.

### 17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of James Finlay Limited. The Company's ultimate parent company John Swire & Sons Limited is incorporated in England.

The smallest and largest group in which the results of the Company are consolidated is that headed by John Swire & Sons Limited which is incorporated in England. The consolidated financial statements of this group are available to the public and may be obtained from John Swire & Sons Limited, 59 Buckingham Gate, London, SW1E 6AJ.